

Message Text

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PAGE 01 MONTEV 03200 091252Z

53

ACTION PM-03

INFO OCT-01 ARA-06 ISO-00 NSC-05 SP-02 SS-15 RSC-01 L-02

CIAE-00 INR-05 NSAE-00 AID-05 IGA-01 EB-04 MC-01

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC IMMEDIATE 7641

INFO USCINCSO

C O N F I D E N T I A L MONTEVIDEO 3200

E.O. 11652: GDS

TAGS: MASS, UY

SUBJ: ASSUMPTION BY MAP MATERIAL RECIPIENTS OF PCH AND T COSTS

REF: STATE 241913

1. SUMMARY: APPROACHING GOU RE ITS ASSUMING PACKING, CRATING, HANDLING AND TRANSPORTATION COSTS (PCH & T) WOULD BE MOST UNDESIRABLE AT THIS TIME, NOT ONLY BECAUSE OF THE UNFORESEEN EXTRA BURDEN IMPLIED BY PCH & T COSTS BUT ALSO BECCAUSE OF THE IMPACT OF A LONG ACCUMULATION OF EVER MORE ONEROUS CONDITIONS UNDER WHICH THE MAP PROGRAM OPERATES.

2. WHILE WE ARE NOT YET AWARE OF THE TOTAL IMPACT OF PCH & T COSTS, WE ASSUME THEY WOULD REPRESENT A SIGNIFICANT

ADDITIONAL BURDEN ON THE GOU BUDGET. BUT MORE IMPORTANTLY, THIS NEW CHARGE WHICH WE HAVE TRADITIONALLY ASSUMED WILL REPRESENT JUST ONE MORE OF A CHAIN OF IRRITANTS IMPOSED ON MAP, IRRITANTS WHICH CAN DAMAGE OUR OVERALL GOOD-WILL IN URUGUAY AND ESPECIALLY WITH THE NEWLY IMPORTANT MILITARY ESTABLISHMENT. FIRST, THE USG LEVIED A 10 PERCENT DEPOSIT
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PAGE 02 MONTEV 03200 091252Z

REQUIREMENT ON MATERIEL AND TRAINING PROVIDED UNDER MAP.

SECOND, THE 10 PERCENT REQUIREMENT WAS DROPPED BUT A DECISION WAS MADE TO REDUCE COUNTRY MAP PROGRAMS BY THE VALUE OF EXCESS DEFENSE ARTICLES RECEIVED (AND APPLYING BOTH THE 10 PERCENT AND THE REDUCED MAP SIMULTANEOUSLY FOR SIX MONTHS). THIRD, WE TOLD MAP RECIPIENT COUNTRIES THAT GRANTS OF DEFENSE ARTICLES WOULD CEASE UNLESS THEY AGREED TO PAY THE USG THE NET PROCEEDS FROM THE SALE OF ANY SUCH ARTICLES DISPOSED OF. FOURTH, WE UNILATERALLY DECIDED THAT UNPAID PORT CHARGES ON MAP DELIVERIES HAD BECOME A GOVERNMENT-TO-GOVERNMENT OBLIGATION AND PRESENTED THEM THE BILLS. FIFTH, THE USG SOME YEARS AGO URGED THESE COUNTRIES' ARMED FORCES TO BECOME INWARD LOOKING AND TO DEAL WITH INTERNAL SECURITY. NOW THAT THEY HAVE DONE SO THE U.S. CHANGES THE RULES OF THE GAME AND CUTS OUT MAP FOR ANY MILITARY UNIT WITH A CIVIL LAW ENFORCEMENT FUNCTION. SIXTH, AND THIS DOES NOT APPLY TO ALL MAP COUNTRIES, THE GOU RECENTLY PURCHASED A-37S FROM THE U.S. IN ITS MOST IMPORTANT MILITARY ACQUISITION IN YEARS. AFTER MUCH CONFUSION OVER PRICE CHANGES ON THE AIRCRAFT WE FINALLY GAVE THE OU 48 HOURS IN WHICH TO DECIDE WHETHER OR NOT TO SIGN A COMMITMENT BASED ON OUR ASSURANCES, ASSURANCES WHICH THEN PROVED TO BE GROSSLY UNDERSTATED AS TO COST.

3. OTHER IRRITANTS CONCERNING OUR HANDLING OF THE BILATERAL PROGRAM COULD BE ADDED BUT THE ABOVE SHOULD BE SUFFICIENT. WE BELIEVE THAT MAP WAS INTENDED TO PROVIDE FOR THE COMMON DEFENSE AND, TO A DEGREE, CONTRIBUTE TO CONSTRUCTIVE RELATIONS WITH ALLIED COUNTRIES. HOWEVER, OUR CONSTWGTN REDUCTION OF MAP AND A SERIES OF ONEROUS CHANGES IN THE RULES OF THE GAME ARE CLEARLY REDUCING THE FAVORABLE IMPACT OF THE PROGRAM AND MAY BE EMBITTERING EVEN OUR STAUNCHEST FRIENDS. WE HOPE THAT IT WILL NOT BE NECESSARY TO GO BACK ONCE AGAIN WITH STILL ANOTHER CHANGE SINCE THE POINTS WE OUTLINE ABOVE AMOUNT TO A CLEAR CASE OF OVERRIDING CONSIDERATIONS AGAINST CHARGING PCH AND T TO URUGUAY AT THIS TIME.
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